



ACCELERATED ECONOMIC GROWTH

2006



USAID supports a partnership between dozens of tool making factories and the Mechanical Engineering Faculty with a state-of-the-art CAD-CAM laboratory.

OVERVIEW

Since independence in 1991, Macedonia's economy has suffered from many shocks which have prevented the country from gaining a firm economic standing. Unemployment rates are over 30 percent, foreign investment is limited, and growth rates are low. Economic growth is at the top of the list of issues Macedonia needs to address. USAID's economic activities focus on increasing competitiveness, introducing high tech solutions to streamline business-to-business and government-to-business services and promoting workforce development initiatives.

CURRENT PROGRAMS

IMPROVING PRIVATE SECTOR COMPETITIVENESS

The e-BIZ Project assists small and medium enterprises develop public-private partnerships to identify and adopt information and communications technology applications through demonstration projects, shared technology centers, and by forging closer links between business and university computer science specialists. Six e-BIZ centers have been opened to provide CAD/CAM (Computer Aided Design/Computer Aided Manufacturing) services to the apparel, footwear and tool making industries, management training, and web portals for the tourism and fashion industries.

The Seal of Quality and Agribusiness Project has helped the Macedonian meat and dairy industries become recognized and preferred by customers through improved quality. USAID's agribusiness assistance has expanded to include the fruit and vegetable industries.

The first of its kind for USAID, the Small and Medium Enterprises Fund provides short-term working capital financing for raw materials, packaging, taxes, marketing, and other costs to support the production and delivery of manufactured goods for both domestic and foreign markets.

The Plastic Recycling Project supports the establishment of profitable recycling of used plastic bottles made of polyethylene terephthalate (PET) through a public-private partnership.

SUPPORT THE BUSINESS ENVIRONMENT FOR INVESTMENT

The e-Gov Project is helping to develop strategies, standards, and capacity for fiscal management; to improve efficiency and transparency of government operations; and to reduce opportunities for fraud, waste, and abuse. Services will progress from publishing government information, to interactions online, to transacting government business online. Some of the online services which have already been rolled out include an e-Tax solution, an e-Procurement solution and an "Apply online" facility, while e-Budget and e-Health applications are in the process of being developed.

The Business Environment Activity is assisting the Government of Macedonia with implementing a focused and successful national economic development strategy. Public-private dialogue is being institutionalized and applied regularly in developing crucial strategies and policies to improve the business environment. Complementing the

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<http://macedonia.usaid.gov>



The Macedonia Competitiveness Activity (MCA) helps Macedonian enterprises develop and market complex products and services.

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enhancement of public-private dialogue the legal and regulatory framework and enforcement are being made more transparent, delivering an effective and clear level playing field for all stakeholders. Investment capacity is being improved through the introduction of new financial products, and establishing legal precedent for non-bank financial institutions. Unemployment is being targeted through changes in administrative and legal measures to create a more flexible labor market.

The Regional Energy Activities Project is assisting Macedonia in implementing the Market Model Design and strengthening the capacity of the Macedonian Energy Regulatory Commission.

RECENTLY COMPLETED PROGRAMS

STRENGTHENING FINANCIAL INSTITUTIONS

The Macedonia Financial Sector Project supported the comprehensive development of the financial system by helping to implement modern standards and practices in accounting, banking, capital markets, the pension system, and the non-bank financial sector. The project addressed the legal and regulatory framework, institutional capacity and professional standards; and promoted linkages among all financial sectors.

IMPROVING PRIVATE SECTOR COMPETITIVENESS

The Macedonia Competitiveness Activity (MCA) helped Macedonian enterprises develop and market complex products and services. MCA focused on five industry clusters: lamb and cheese, tourism, information technology, wine and apparel. MCA also sponsored the National Entrepreneurship and Competitiveness Council bringing industry, government and labor together to improve Macedonia's competitiveness in key industries.

The Rural Financial Institutions Project created "FULM Savings House" Macedonia's first user-owned savings and credit institution. FULM over has 5,000 members and deposits exceeding the equivalent of \$1.8 million. FULM now offers a comprehensive range of deposit and lending products for small business, farmers and consumers.

The Aid to Artisans Project provided training in product design and marketing to local artisans. International design consultants were engaged to show weavers, ceramicists, and metal workers how to adapt traditional products to modern markets. Marketing specialists trained producers to develop business plans and new markets for their products.

SUPPORT THE BUSINESS ENVIRONMENT FOR INVESTMENT

The Corporate Governance and Company Law Project helped the Macedonian government implement its new omnibus Company Law which brought Macedonia up to European Union standards in this area. The project educated the business community about compliance obligations and best business practices. It also worked to raise awareness and increase knowledge about stockholder rights among the large number of workers who were granted company shares during the privatization process.

As a follow up to USAID's assistance in support of Macedonia's successful WTO accession in 2003, the WTO Compliance Activity helped Macedonia integrate into the WTO. The project assisted with establishing public-private partnerships to formulate trade policy and pursue the benefits of WTO membership.